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07	UNITED STATES DISTRICT COURT WESTERN DISTRICT OF WASHINGTON AT SEATTLE	
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09	DIANE KAY WOOLERY,	
10	Plaintiff,) CASE NO. C12-1980-JCC-MAT
11	v.) REPORT AND RECOMMENDATION) RE: SOCIAL SECURITY DISABILITY) APPEAL
12	CAROLYN W. COLVIN, Acting	
13	Commissioner of Social Security, ¹	
14	Defendant.))
15	Plaintiff Diane Kay Woolery proceeds through counsel in her appeal of a final decision	
16	of the Commissioner of the Social Security Administration (Commissioner). The	
17	Commissioner denied plaintiff's applications for Supplemental Security Income (SSI) and	
18	Disability Insurance Benefits (DIB) after a hearing before an Administrative Law Judge (ALJ).	
19	Having considered the ALJ's decision, the administrative record (AR), and all memoranda of	
20	record, the Court recommends that this matter be REMANDED for further administrative	
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22	1 Carolyn W. Colvin, Acting Commission this suit. Fed. R. Civ. P. 25(d)(1).	ner of Social Security, is substituted as defendant in
	REPORT AND RECOMMENDATION RE: SOCIAL SECURITY DISABILITY APPL	EAL

proceedings. 01 02 FACTS AND PROCEDURAL HISTORY Plaintiff was born on XXXX, 1963.² She attended school through the eighth grade 03 04(AR 294, 311) and previously worked as a cook, motel cleaner, cocktail waitress, and sandwich 05 maker (AR 39, 69, 294). 06 Plaintiff filed applications for SSI and DIB in August 2010, alleging disability since 07 February 1, 2010. (AR 253-66.) Her applications were denied initially and on reconsideration, and she timely requested a hearing. 08 ALJ Glenn G. Meyers held a hearing on April 19, 2012, taking testimony from plaintiff 09and a vocational expert (VE). (AR 47-80.) On May 10, 2012, the ALJ rendered a decision 10 finding plaintiff not disabled. (AR 30-41.) 11 12 Plaintiff again timely appealed. The Appeals Council denied plaintiff's request for 13 review on September 27, 2012 (AR 1-3), making the ALJ's decision the final decision of the Commissioner. Plaintiff appealed this final decision of the Commissioner to this Court. 14 15 **JURISDICTION** The Court has jurisdiction to review the ALJ's decision pursuant to 42 U.S.C. § 405(g). 16 17 DISCUSSION 18 The Commissioner follows a five-step sequential evaluation process for determining whether a claimant is disabled. See 20 C.F.R. §§ 404.1520, 416.920 (2000). At step one, it 19 must be determined whether the claimant is gainfully employed. The ALJ found plaintiff had 20 21 2 Plaintiff's date of birth is redacted back to the year of birth in accordance with Federal Rule of Civil Procedure 5.2(a) and the General Order of the Court regarding Public Access to Electronic Case 22 Files, pursuant to the official policy on privacy adopted by the Judicial Conference of the United States. REPORT AND RECOMMENDATION RE: SOCIAL SECURITY DISABILITY APPEAL

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not engaged in substantial gainful activity since February 1, 2010, the alleged onset date.

At step two, it must be determined whether a claimant suffers from a severe impairment. The ALJ found plaintiff's rheumatoid arthritis, osteoarthritis, a major depressive disorder, anxiety disorder, and alcohol abuse severe. Step three asks whether a claimant's impairments meet or equal a listed impairment. The ALJ found plaintiff's impairments did not meet or equal the criteria of a listed impairment.

If a claimant's impairments do not meet or equal a listing, the Commissioner must assess residual functional capacity (RFC) and determine at step four whether the claimant has demonstrated an inability to perform past relevant work. The ALJ found plaintiff had the RFC to perform light work, except that she can use her hands occasionally and can perform simple, repetitive tasks. With that RFC, the ALJ found plaintiff unable to perform any past relevant work.

If a claimant demonstrates an inability to perform past relevant work or has no past relevant work, the burden shifts to the Commissioner to demonstrate at step five that the claimant retains the capacity to make an adjustment to work that exists in significant levels in the national economy. With consideration of the Medical-Vocational Guidelines and the testimony of the VE, the ALJ found that plaintiff could perform other work, such an usher and call-out operator. The ALJ, therefore, concluded plaintiff was not under a disability from February 1, 2010 through the date of the decision.

This Court's review of the ALJ's decision is limited to whether the decision is in accordance with the law and the findings supported by substantial evidence in the record as a whole. *See Penny v. Sullivan*, 2 F.3d 953, 956 (9th Cir. 1993). Substantial evidence means

more than a scintilla, but less than a preponderance; it means such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. *Magallanes v. Bowen*, 881 F.2d 747, 750 (9th Cir. 1989). If there is more than one rational interpretation, one of which supports the ALJ's decision, the Court must uphold that decision. *Thomas v. Barnhart*, 278 F.3d 947, 954 (9th Cir. 2002).

Plaintiff argues the ALJ erred in assessing the degree of her functional limitations at step two, and in failing to include a social limitation in the RFC or hypothetical proffered to the VE. She requests remand for an award of benefits or, in the alternative, for further administrative proceedings.³ The Commissioner argues the ALJ's decision is supported by substantial evidence and should be affirmed.

Functional Limitations Assessment

Upon identification of a colorable claim of mental impairment, an ALJ must apply a "special technique[.]" 20 C.F.R. §§ 404.1520a(a), 416.920a(a); *Gutierrez v. Apfel*, 199 F.3d 1048, 1051 (9th Cir. 2002); and *Keyser v. Comm'r*, *Soc. Sec. Admin.*, 648 F.3d 721, 725-26 (9th Cir. 2011). An ALJ's decision must include a specific finding as to the degree of mental limitation in each of four broad functional areas: activities of daily living; social functioning; concentration, persistence and pace; and episodes of decompensation. §§ 404.1520a(c), (e); 416.920a(c), (e).

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³ The Court takes note of a number of errors in the briefing submitted by counsel for plaintiff. For example, neither the Opening Brief, nor the Reply brief contained a title or noting date, as is required by Local Civil Rule 7(b)(1). Counsel also failed to include the correct name of the undersigned. The Court advises counsel to take greater care in her submission of briefing to this Court.

A. <u>Daily Activities</u>

Plaintiff first argues the ALJ erred in assessing only a mild restriction in activities of daily living. The ALJ explained this finding as follows: "For example, the claimant is able to attend to personal care and prepare simple meals[.]" (AR 33 (citing AR 556, 594).)

Plaintiff contends the cited record from Dr. Jeff Teal does not support a finding of only mild limitation. Dr. Teal stated:

She does some reading, and she does cooking, shopping, and cleaning on a paced basis depending on her physical condition. She reports that she is usually independent in all instrumental activities of daily living, but that she has arthritis flare ups she needs assistance with getting her clothing on and off and occasionally with personal care.

(AR 556.) Plaintiff avers that the ALJ failed to account for the increased limitations during her rheumatoid arthritis flares, noting that both sustainability of function and the ability to undertake activities independently are considerations in the functional limitation assessment. §§ 404. 1520a(c)(1), 416.920a(c)(1).

Plaintiff also challenges the reliance on a record from Dr. Steven Johansen, who noted she is able to maintain personal hygiene independently, prepare simple meals, and perform common household chores, and appeared capable of managing her finances without assistance. (AR 594.) Plaintiff argues that, when viewed in the context of his entire opinion and the record as a whole, this evidence only lends a mere scintilla of support for the ALJ's determination. She points to her own reports and testimony as to her limitations (AR 61-65, 317-22), and observations in medical providers' reports as to her difficulty with activities of daily living during arthritis flare ups, as well as panic attacks while driving or riding in a vehicle (AR 377-78, 431, 479, 556, 671). (*See also* AR 594 (Dr. Johansen also found marked limitations in

other areas, and stated plaintiff's prognosis was guarded due to her physical limitations and persistent pain).)

In addition to the report from Dr. Johansen and the observations of Dr. Teal, the record contained an opinion from State agency reviewing physician Dr. Beth Fitterer finding plaintiff had only a mild restriction in activities of daily living, an opinion later affirmed by Dr. Steven Gardner. (AR 90, 116.) It is not accurate, therefore, to state that the record contained only a scintilla of evidence supporting the ALJ's finding.

Also, the ALJ provided a number of reasons for not finding plaintiff fully credible, including a lack of objective support, inconsistent objective evidence, evidence of improvement with medication management and increased symptoms at least in part secondary to no treatment, inconsistent statements regarding alcohol use, and inconsistent statements as to why plaintiff stopped working. (AR 35-37.) Plaintiff does not challenge the ALJ's credibility finding, and her reliance on her own statements and testimony is not compelling in light of the clear and convincing reasons provided for finding her less than fully credible.

In sum, considering the medical opinion evidence and the ALJ's credibility finding, plaintiff fails to demonstrate reversible error in relation to the daily activities finding. The ALJ's conclusion has the support of substantial evidence.

B. <u>Social Functioning</u>

Plaintiff also asserts error in the assessment of only mild difficulties in social functioning. The ALJ followed up this finding as follows: "For example, the claimant was consistently cooperative on multiple mental evaluations and during treatment[.]" (*Id.* (citing AR 550-63, 378, 600, 609, 612, 614).)

While conceding that the record supports she was generally cooperative during evaluations and treatment, plaintiff avers the record does not support she is capable of appropriate conduct with the public. She notes a long-standing history of anxiety problems, occurring often when she drives or rides in a vehicle (*see*, *e.g.*, 366, 377, 431, 479, 556, 593), and that all of the medical evaluators in the record support some sort of social functioning limitation (*see* AR 90, 94 (Dr. Fitterer), AR 120, 129 (Dr. Gardner), AR 552 (Dr. Teal), and AR 594 (Dr. Johansen)). Plaintiff maintains the ALJ's determination rests on a mere scintilla of evidence and, therefore, cannot be upheld.

The Commissioner argues the ALJ's finding was sufficient given the observation as to plaintiff's behavior during evaluations and treatment, and also points to the ALJ's credibility findings. Because this issue is tied closely to plaintiff's challenge to the ALJ's consideration of the medical evidence and RFC assessment, it is discussed below.

Medical Evidence, RFC Assessment, and VE Hypothetical

As plaintiff observes, the record contains opinion evidence supporting a limitation in plaintiff's social functioning, specifically in relation to public contact. Plaintiff argues the ALJ erred in rejecting such evidence, and in failing to include a related limitation in the RFC assessment and hypothetical proffered to the VE. Plaintiff stresses the relevance of this issue given the VE's testimony that there would not be jobs in the national or regional economy a person could perform with the combination of a limitation to only occasional use of the hands and an inability to have contact with the public. (AR 69-70.) An analysis of this issue first requires consideration of the medical opinion evidence.

In considering plaintiff's impairments at steps two and three, Drs. Fitterer and Gardner

assessed a moderate limitation in social functioning. (AR 90, 116.) The explanation included that plaintiff's "anxiety reported to be minimal with medication management[,]" that overall findings on examination "indicates only mild limitations, but she is likely to intermittently have difficulties with sustain [sic] attention and pace due to subjective experience of pain[,]" and that "[s]ocially, she can be expected to interact appropriately with others on a superficial level[,]" and plaintiff "is capable of productive employment." (*Id.*) In assessing plaintiff's RFC, Drs. Fitterer and Gardner found plaintiff moderately limited in interacting appropriately with the public and getting along with coworkers or peers without distracting them or exhibiting behavioral extremes, with the following narrative explanation: "Subjective experience of pain and intermittent psychological issues with [sic] periodically affect ability to relate appropriately with general public and coworkers." (AR 94, 133.)

Dr. Teal, in July 2010, assessed a mild limitation in social functioning. (AR 375.) He noted plaintiff had "panic attacks sometimes when riding/driving[]" and, in the narrative portion of the form, reflected plaintiff's report that her last full blown panic attack was two months prior, that she can usually "prevent" such attacks by "recognizing symptoms early and avoiding driving or riding in a car[,]" and that plaintiff denied any other anxiety symptoms. (AR 376, 378.) However, in February 2011, Dr. Teal assessed a moderate limitation in maintaining appropriate conduct in public contacts, and mild limitation with limited public contacts. (AR 552.) He again described plaintiff's "[o]ccasional panic while driving/riding (AR 553), and also noted inconsistent information regarding plaintiff's alcohol use, stating: "May be consuming more than self reporting." (AR 561.) Also, in both July 2010 and February 2011, Dr. Teal acknowledged plaintiff's reports of chronic pain and observed that her

disability or limitations were "primarily physical." (AR 376-78, 551-53.) 01 02 Finally, in December 2011, Dr. Johansen noted plaintiff's report of a long history of anxiety, major panic attacks while driving, and anxiety symptoms with less intensity, and 03 04opined that "anxiety symptoms markedly impede her ability to maintain appropriate behavior, 05 particularly in public or limited public environments." (AR 592-93). He found plaintiff's prognosis guarded "due to medical condition, physical limitations, and persistent pain[,]" and 06 that, while "[r]easonable improvement can be expected with treating anxiety and depression, . . . her global capacity for employment will not likely improve substantively." (AR 594.) 08 09 The parties agree that the ALJ was required to provide clear and convincing reasons for rejecting the uncontradicted medical opinion evidence that plaintiff was limited in her ability to 10 tolerate public contacts. Lester v. Chater, 81 F.3d 821, 830 (9th Cir. 1996). The ALJ 11 assessed the opinion evidence as described below. 12 13 The ALJ accorded "less weight" to the assessed moderate limitation in social functioning by Drs. Fitterer and Gardner. (AR 38.) He explained: 14 15 In the narrative, which carries significantly more weight, Dr. Fitterer indicated that the claimant's subjective experience of pain and intermittent psychological issues will periodically affect her ability to relate appropriately with the general 16 public and coworkers. The undersigned does not find this tantamount to being 17 a significant functional limitation. Moreover, the claimant did not show significant social difficulties during the course of treatment or on exam. While she was noted to be tearful and/or anxious during mental status exams, she was 18 able to cooperate and complete evaluations. Further, the claimant did not 19 present as tearful or anxious during other medical appointments. (*Id.*, internal citations to record omitted.) 21 The ALJ likewise accorded "less weight" to Dr. Teal's February 2011 finding of a moderate limitation in relation to public contact "given the claimant's alcohol abuse at the

time." (*Id.*) He noted Dr. Teal's observation that "alcohol use could exacerbate all symptoms, which are all worse since resuming alcohol use[.]" (*Id.* and AR 552.)

The ALJ gave "little weight" to the relevant opinions of Dr. Johansen. (AR 39.) He stated:

At the time of the evaluation, the claimant was not engaged in any form of mental health treatment, including medication management and counseling. The claimant reported that she had stopped taking medications for several months. Moreover, the psychologist likely relied on the claimant's self-report of which there are credibility concerns. The claimant was less than candid with Dr. Johansen about her alcohol history. On that occasion, the claimant told the psychologist that she had last consumed alcohol 2 years earlier.

(AR 39, internal citations to record omitted.)

The ALJ also included observations in the credibility assessment relevant to his consideration of the medical opinion evidence. For example, in pointing to mental evaluation evidence, the ALJ noted plaintiff's cooperative and appropriate behavior on some occasions, and on other occasions that plaintiff was tearful or had a "rigid/tense" presentation with "marked' signs of anxiety and depression." (AR 36.) He pointed to evidence of decreased panic symptoms and greatly improved mood with medication, and evidence of poorly controlled anxiety and failure to follow prescribed treatment. (*Id.*) Also, with respect to alcohol, the ALJ stated:

Inconsistent statements by the claimant concerning her alcohol use raise another significant credibility concern. The claimant provided varied accounts of when she last consumed alcohol. For example, during a 2012 mental intake assessment, the claimant said she last used alcohol in 2009. Yet, in 2011, the claimant tested positive for alcohol. During that time, the claimant insisted that she had not been using alcohol. However, treating rheumatologist, Daniel Sager, M.D., questioned whether the claimant had alcohol on her breath during an [sic] medical visit. Moreover, during a mental health evaluation in 2010, the claimant reported that she had been clean and sober for almost 3 years. Yet,

just a week earlier, the claimant admitted that she used alcohol quite heavily on the weekends. Examining psychologist Jeff Teal, Ph.D., reported that the claimant had given inconsistent reports regarding alcohol use, stating that she may be consuming more than self-reporting. Such inconsistencies put the claimant's general veracity into question and weaken the reliability of her self-report.

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(AR 37, internal citations to record omitted.)

The Commissioner concedes error in the ALJ's reliance, in part, on plaintiff's alcohol abuse to discount the effects of her symptoms. She points to the Ninth Circuit's decision in Bustamante v. Massanari, 262 F.3d 949, 955 (9th Cir. 2001), which requires an ALJ to, first, identify disability under the five-step procedure and, second, conduct a drug abuse and alcoholism (DAA) analysis to determine whether substance abuse was material to disability. The Commissioner maintains any error was harmless, in that it did not prejudice plaintiff's claim, Stout v. Commissioner, Soc. Sec. Admin., 454 F.3d 1050, 1055 (9th Cir. 2006), and that the decision retains the support of substantial evidence, Carmickle v. Commissioner, Soc. Sec. Admin., 533 F.3d 1155, 1162-63 (9th Cir. 2008). The Commissioner notes that the ALJ earlier cited plaintiff's inconsistent statements about her alcohol abuse – to be distinguished from any effects of the abuse itself – as evidence that her self-reports were likely to be misleading. She argues it follows that any medical opinion relying on such misleading reports could not be entirely accurate, and that the ALJ would have reached the same conclusion even without citing the effects of alcohol as a reason to doubt the intensity of plaintiff's symptoms. Commissioner otherwise argues only that plaintiff's interpretation of the medical evidence is insufficient to justify overturning the ALJ's decision, noting the ALJ is the "final arbitrer" in resolving medical evidence ambiguities. *Tommasetti v. Astrue*, 533 F.3d 1035, 1041 (9th Cir.

2008).

A claimant is not entitled to disability benefits "if alcoholism or drug addiction would... be a contributing factor material to the Commissioner's determination that the individual is disabled." 42 U.S.C. § 423(d)(2)(C). Therefore, where relevant, an ALJ must conduct a DAA analysis and determine whether a claimant's disabling limitations remain absent the use of drugs or alcohol. 20 C.F.R. §§ 404.1535, 416.935. As stated above, the ALJ must, first, identify disability under the five-step procedure and, second, conduct a DAA analysis to determine whether substance abuse was material to disability. *Bustamante*, 262 F.3d at 955. "If the remaining limitations would still be disabling, then the claimant's drug addiction or alcoholism is not a contributing factor material to his disability. If the remaining limitations would not be disabling, then the claimant's substance abuse is material and benefits must be denied." *Parra v. Astrue*, 481 F.3d 742, 747-48 (9th Cir. 2007).

The ALJ in this case found alcohol abuse a severe impairment. He went on to consider plaintiff's impairments with consideration of the impact of her substance abuse, according less weight to Dr. Teal's opinion given that abuse, and rejecting Dr. Johansen's opinion, in part, given plaintiff's failure to be fully candid regarding her alcohol history. The ALJ, therefore, erred by failing to first separate out the impact of plaintiff's alcohol abuse. *Bustamante*, 262 F.3d at 955. The Commissioner correctly notes that an ALJ may properly discount a plaintiff's testimony based on a lack of truthfulness about substance use, *Verduzco v. Apfel*, 188 F.3d 1087, 1090 (9th Cir. 1999), and may discount a physician's opinion based on a claimant's less than credible statements, *Bray v. Comm'r of SSA*, 554 F.3d 1219, 1228 (9th Cir. 2009). However, in this case, the ALJ's muddled consideration of plaintiff's alcohol abuse prevents a

clear finding that the ALJ's error was harmless.4

The Court further questions whether the ALJ otherwise provided clear and convincing reasons for finding an absence of any social limitations. The ALJ concluded the opinions of Drs. Fitterer and Gardner that plaintiff's pain and intermittent psychological issues would "periodically affect ability to relate appropriately with the general public and coworkers[]" (AR 94) was not "tantamount to being a significant functional limitation." (AR 38.) This statement is conclusory and would have, at the least, benefited from additional discussion. In addition, while the ALJ may have appropriately considered plaintiff's presentation during medical evaluations and appointments as a relevant factor in the analysis, it remains that, despite that presentation, all of the physicians found plaintiff limited in regard to social functioning to some degree.

Moreover, while the ALJ may have reasonably rejected a total limitation on interaction with the public, he does not provide substantial evidence support for rejecting a lesser degree of limitation, such as a limitation to only occasional, superficial, and/or infrequent contact. For example, the report from Drs. Fitterer and Gardner could arguably be read to support an ability to interact with others on "a superficial level" (AR 90, 116), while Dr. Teal assessed only a mild limitation with limited public contacts (AR 552). Further, while the VE testified a complete inability to interact with the public would eliminate any jobs at step five, it is not clear his testimony would support such a conclusion with consideration of a lesser degree of limitation. For example, while he was not proffered a specific hypothetical and did not provide any

⁴ Among other arguments raised, plaintiff avers the record does not show affirmative evidence of alcohol use after January 20, 2011. (Dkt. 12 at 9 (citing AR 567, 574).) However, plaintiff testified in the April 19, 2012 hearing that she last drank three months prior to the hearing. (AR 67.)

definitive job numbers, the VE mentioned jobs involving interaction "at least by phone[,]" and possible jobs with minimal or infrequent contact with the public. (AR 70-73.)

In sum, plaintiff demonstrates reversible error in the consideration of the medical opinion evidence, implicating both the RFC assessment and the hypothetical proffered to the VE. Further, the error demonstrated at step four raises a question as to the ALJ's earlier consideration of plaintiff's degree of limitation in relation to social functioning. This matter is, therefore, subject to a remand.

Remand

The Court has discretion to remand for further proceedings or to award benefits. *See Marcia v. Sullivan*, 900 F.2d 172, 176 (9th Cir. 1990). The Court may direct an award of benefits where "the record has been fully developed and further administrative proceedings would serve no useful purpose." *McCartey v. Massanari*, 298 F.3d 1072, 1076 (9th Cir. 2002).

Such a circumstance arises when: (1) the ALJ has failed to provide legally sufficient reasons for rejecting the claimant's evidence; (2) there are no outstanding issues that must be resolved before a determination of disability can be made; and (3) it is clear from the record that the ALJ would be required to find the claimant disabled if he considered the claimant's evidence.

Id. at 1076-77.

Plaintiff argues that, because all of the medical source evidence supports a finding of limited contact with the public and there are no jobs allowing for that limitation in conjunction with the assessed hand limitation, no useful purpose would be served by additional proceedings. However, as stated above, the ALJ found and the VE testified as to a limitation on *any* contact with the public, not a limitation to some lesser degree of or limited public

contact. As also stated above, the VE's testimony does not clearly preclude a finding of a significant number of jobs at step five with some modified degree of limitation on public interaction. Also, as the Commissioner observes, an ALJ has not yet considered whether plaintiff's alcohol abuse is a contributing factor material to the determination of disability. The issue of the degree of limitation on public contact and the absence of a proper DAA analysis are outstanding issues that must be resolved and, given those outstanding issues, it cannot be said that the ALJ would be required to find plaintiff disabled if he considered the Accordingly, this matter should be remanded for further administrative evidence. proceedings. **CONCLUSION** For the reasons set forth above, this matter should be REMANDED for further administrative proceedings. DATED this 12th day of June, 2013. United States Magistrate Judge

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